

Morgan, Lewis & Bockius LLP
One Market, Spear Street Tower
San Francisco, CA 94105-1126
Tel. 415.442.1000
Fax: 415.442.1001
www.morganlewis.com

Morgan Lewis
C O U N S E L O R S A T L A W

Sheila A. Jambekar
Associate
415.442.1396
sjambekar@morganlewis.com

November 12, 2007

The Honorable Martin J. Jenkins
United States District Court
Northern District of California-San Francisco Division
Courtroom 11, 19th Floor
450 Golden Gate Avenue
San Francisco, California 94102

Re: **Mongeli v. Terayon Communication Systems, Inc., et. al, Case No. 3-06-CV-03936**
MJJ—Statement of Recent Decision

Dear Judge Jenkins:

This is to inform you that Ernst & Young LLP (“E&Y”) has reached an agreement in principle with Lead Plaintiff Adrian Mongeli, acting on behalf of the putative class, to settle the above-entitled matter.

In light of this agreement in principle, and in order to preserve party and judicial resources, E&Y and Lead Plaintiff Adrian Mongeli request that the Court take off-calendar the motion to dismiss filed by E&Y, which is currently set for hearing on November 20, 2007 at 9:30 a.m.

Respectfully Submitted By,

MORGAN, LEWIS & BOCKIUS LLP

/S/

Sheila A. Jambekar
Attorney for Defendant
ERNST & YOUNG LLP

cc: Joseph E. White III, Esq., Saxena White P.A.
Lead Attorney for Lead Plaintiff Adrian Mongeli and Class

Patrick Gibbs, Esq., Latham & Watkins LLP
Attorney for Defendants Terayon Communication Systems, Inc., Zaki Rakib, Jerry D. Chase, Mark A. Richman, Edward Lopez, Ray Fritz, Carol Lustenader, Matthew Miller, Shlomo Rakib, Doug Sabella, Christopher Schaepe, Mark Slaven, Lewis Solomon, Howard W. Speaks, Arthur T. Taylor, and David Woodrow